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ISSUES IN ECONOMICS

AFT RESEARCH REPORT

AN ECONOMIC UPDATE
(issued July 29, 1982)

This report summarizes recent economic news which should be of interest to union leadership and staff.

The Economy Stumbles Along

The 1.7 percent increase in national output adjusted for inflation (as measured by the GNP) which was reported for the second quarter of 1982 largely resulted from a slowdown in the rate by which businesses have been unloading their inventories. Real final sales fell 0.6 percent in the second quarter, business fixed investment fell 12.8 percent, the U.S. trade balance deteriorated 13.4 percent, and federal nonmilitary government spending dropped 49.2 percent. This bad news was only partially offset by a 3.1 percent gain in consumption, a 1.5 percent increase in nonresidential construction, and a 2.2 percent gain in residential construction. The facts are clear: the national economy continues to stumble along in a deep recession with little hope for any substantial recovery.

The state and local government sector of the economy increased its output, adjusted for inflation, only 0.2 percent between the 1st and 2nd quarters of 1982, but the 2nd quarter figures were down 1.1 percent from 1981:2.

Personal income increased by 0.3 percent in June, with almost half the increase coming from gains in interest income. June personal income figures showed employment declining, length of work week decreasing, and only a very modest gain in the average hourly wages of workers.

CPI Rises Again

The June Consumer Price Index for All-Urban Consumers rose 1 percent, the same as May (see AFT Research Report: The Consumer Price Index). Well over half of the June increase was accounted for by increased energy and home prices. In the last 12 months consumer prices have increased 7.1 percent. The cost of medical care has led the expenditure items with a 12.8 percent increase over the past year.

Unemployment At Record Highs

Between May 1981 and May 1982 the national unemployment rate jumped from 7.1 to 9.1 percent. Over that period unemployment increased in 47 states and the District of Columbia. In May 1981, the states with the highest unemployment rates were:

Michigan	14.3 percent
Alabama	13.2
Washington	12.3
Indiana	11.4
South Carolina	11.4
Ohio	11.1
Oregon	11.1

Over 1 million workers were unemployed in California, and over one half million were unemployed in each of these states: New York, Michigan, Illinois, Ohio, and Pennsylvania.

Metropolitan areas with the highest May 1982 unemployment rates were:

Flint, Michigan	19.8 percent
Rockford, Illinois	19.3
Modesto, California	18.9
Decatur, Illinois	18.4

The U.S. Bureau of Labor Statistics has also reported that a total of 23.4 million persons, or nearly 20 percent of the U.S. labor force, experienced some unemployment during 1981.

Salaries in the Air Line Industry

Salary comparisons with other occupations and industries are always useful. A recent industry wage survey by the U.S. Department of Labor shows the following average annual salaries in the air line industry:

flight crews:	
captains	$82,524
first officers	54,348
second officers	45,720
flight attendants	18,984
customer service reps:	
passenger service agents	20,982
reservation sales agents	18,980
ticket agents	21,190

data processing occupations

computer operators	$18,928
computer programmers	22,074
computer systems analysts	27,638

Census Reports Median Family Income

The U.S. Census Bureau reports that according to the 1980 Census, the median family income in the U.S. was $19,908. Metropolitan areas with the highest median family incomes were:

Washington, DC-MD-VA	$27,515
San Jose, CA	26,924
Nassau-Suffolk, NY	26,135
Anaheim-Santa Ana-Garden Grove, CA	25,482
San Francisco-Oakland, CA	25,055

Among major metropolitan areas, the lowest median family incomes were found in:

Tampa-St. Petersburg, FL	16,515
San Antonio, TX	17,473
Miami, FL	18,756
New Orleans, LA	19,028
Ft. Lauderdale-Hollywood, FL	19,646

Updated DRI Inflation Forecast

The Data Resources, Inc. simulation model of the U.S. economy forecasts the following annual rates of increase in the Consumer Price Index for All Urban Consumers, by quarter through the end of 1984:

1982:3	7.6 percent
4	6.2
1983:1	8.0
2	6.5
3	6.4
4	6.4
1984:1	6.9
2	6.5
3	6.3
4	6.3

Average annual rates for the next two school years will be:

1982-83	7.1 percent
1983-84	6.6

School Finance Decisions Available

Copies of court decisions in two recent state school finance cases are available on request from the AFT Department of Research. In the New York case, Levittown vs. Nyquist, the state Court of Appeals reversed a lower court decision and upheld the constitutionality of the state's current system of financing public schools. In Lujan vs. Colorado State Board of Education, the Colorado Supreme Court likewise reversed a lower court decision and upheld the constitutionality of that state's school finance system.

AFT RESEARCH REPORTS are published periodically by the Department of Research, American Federation of Teachers, AFL-CIO, 11 Dupont Circle, NW, Washington, D.C., 20036.

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